APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/777,817	02/05/2001	John Michael Boushy	19538-05688	8587

758   7590   12/14/2001

FENWICK & WEST LLP
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PALO ALTO, CA   94306

EXAMINER
SAGER, MARK ALAN

ART UNIT	PAPER NUMBER
3713	10

DATE MAILED: 12/14/2001

Please find below and/or attached an Office communication concerning this application or proceeding.

PTO-90C (Rev. 07-01)

Interview Summary	Application No. 09/777,817	Applicant(s) Boushy	
	Examiner Sager	Group Art Unit 3713	

All participants (applicant, applicant's representative, PTO personnel):

(1) *Sager*

(3) *Mr. Albert Smith (20355)*

(2) *Mr. Daniel Brownstone (46581)*

(4) _____

Date of Interview _____ *Dec 11, 2001* _____

Type: a)☒ Telephonic b)☐ Video Conference
c)☐ Personal [copy is given to 1)☐ applicant 2)☐ applicant's representative]

Exhibit shown or demonstration conducted: d)☐ Yes e)☒ No. If yes, brief description:

_____

Claim(s) discussed: *1-8, esp. 1*

Identification of prior art discussed:
Acres, Slater, Remedio

Agreement with respect to the claims f)☐ was reached. g)☒ was not reached. h)☐ N/A.

Substance of Interview including description of the general nature of what was agreed to if an agreement was reached, or any other comments:

Counsel asserted patentability over combination since there is no motivation to combine references, even if combined, it would not be claimed invention, and improper hindsight reconstruction. Counsel noted submitted additional information (attached with remarks). Examiner stated such information is not formally presented for consideration either as prior art under 37 CFR 1.97 or as declaration under 37 CFR 1.132 and thus had not been reviewed. Upon Counsels' inquiry, examiner stated how to submit the articles/other information is provided within rules in MPEP 609, 716 or applicable portion in 37 CFR 1.97 or 1.132. Examiner maintained that the suggestion for tracking of user wagering activity at a property as taught by either Acres or Slater or as admitted prior art with the player tracking in a network at a plurality of linked properties taught by Remedio suggests claimed invention. Counsel remarked patentabilty based upon manner (means) of collecting player data at gaming machines. Examiner noted not commensurate with claimed scope.

(A fuller description, if necessary, and a copy of the amendments which the examiner agreed would render the claims allowable, if available, must be attached. Also, where no copy of the amendments that would render the claims allowable is available, a summary thereof must be attached.)

i)☒ It is not necessary for applicant to provide a separate record of the substance of the interview (if box is checked).

Unless the paragraph above has been checked, THE FORMAL WRITTEN REPLY TO THE LAST OFFICE ACTION MUST INCLUDE THE SUBSTANCE OF THE INTERVIEW. (See MPEP section 713.04). If a reply to the last Office action has already been filed, APPLICANT IS GIVEN ONE MONTH FROM THIS INTERVIEW DATE TO FILE A STATEMENT OF THE SUBSTANCE OF THE INTERVIEW. See Summary of Record of Interview requirements on reverse side or on attached

MARK SAGER
PRIMARY EXAMINER

Examiner Note: You must sign this form unless it is an Attachment to a signed Office action.

U. S. Patent and Trademark Office
PTO-413 (Rev. 03-98) Interview Summary Part of Paper No. 10

File

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CONFIDENTIAL

DATE: December 10, 2001   CLIENT-MATTER NO.: 19538-05688

TO:

NAME	FAX NO.	PHONE NO.
Examiner Mark Sager, USPTO	~~703-308-7768~~	703-308-0785

FROM: Daniel R. Brownstone   PHONE: (415) 875-2358

NUMBER OF PAGES WITH COVER PAGE: 24	CONFIRMATION COPY WILL NOT FOLLOW

MESSAGE:

For Discussion Purposes Only. This is in preparation for telephone interview on December 11, 2001.

Application 09/777,817.

A9000/00000/SF/5064622.1

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09/777,817

Claim 1 recites:

      1. In a system including a computer network communicatively coupling a plurality of casino properties, a computer implemented method for tracking patronage of a plurality of customers, each of the customers assigned an account, the method comprising:

          storing a portion of the customer accounts in each of a plurality of databases, each database associated with one of the casino properties and communicatively coupled to the network at the casino property;

          receiving at the database of a first casino property customer betting activity data from a second casino property; and

          updating the customer's account in the database of the first casino property, including updating the customer's theoretical win profile as a function of the betting activity.

The claimed invention allows the account of a customer stored at one casino location to be updated in real time based on that customer's activity at another casino location. The updated account is used to determine the customer's updated theoretical win profile. A theoretical win is an estimate of the casino's average daily winnings from the customer. The level of comps available to a customer is based on the casino's theoretical win from different gambling activities and the customer's historic level of these gambling activities. Customer betting activity accumulated by the claimed invention is crucial to comping customers at a level commensurate with their expenditures, since it provides the raw data on the customer's betting activity. The claimed invention enables customer betting activity (and thus the customer's theoretical win profile) from one casino to be used at a different casino to provide appropriate comps at the different casino.

Acres discloses a player tracking system that records every machine transaction in order to provide bonusing to certain players at certain times. Similarly, Slater teaches tracking betting activity of table game players and providing this information to casino

personnel. However, neither Acres nor Slater discloses storing the accounts for a portion of customers in a plurality of databases located at different casino properties, or of updating the account of a customer whose account is stored on a database associated with one casino with betting data received from a second casino.

The addition of Remedio does not cure the defects of Acres or Slater. Remedio discloses a system for recording golf scores. Golfers use cartridges to transfer player data from a local computer to a mobile module that they then carry with them on the golf course to keep track of scoring. The local computers are connected via a network to a central master computer that contains each player's data.

Any attempt to combine Acres or Slater with Remedio, requires the bringing together of two unrelated arts, creating a connection that is untenable. One of skill in the art of casino design and operation would not consider the art of golf club operations and golfer handicapping to be of relevant concern. Operating a successful casino involves attracting a large volume of customers, creating an exciting gaming experience for the customers, and incentivizing customers to repeatedly visit the casinos to increase their total gaming. Being able to "score" a customer based on their "cross property" gaming enables the casino to provide the most appropriate level of incentives to a customer. This is the basis for determining such comps.

There is no parallel that can be drawn to golfers, who join and golf at particular golf clubs because of the particular qualities and demands of the golf course layout, the prestige of the club, the proximity of the course to the player's home, etc. Golf club operators and designers are not concerned with calculating theoretical wins of their players, since their revenue is fixed on a per-game basis, and supplemented in many cases by periodic dues. Thus, one of skill in the casino arts would not be motivated to use Remedio's system for scoring golfer scores with either recording individual machine

Application 09/777,817
Page 3 of 3

performance in a casino as disclosed by Acres, or with tracking casino betting activity as
taught by Slater. Therefore, the combination of references from these two disparate arts
is inappropriate.

Even if the references were to be combined, at best the combination of the
teachings of Acres or Slater with Remedio yields a player profile that can be transferred
to a mobile module for the player to carry around through a casino or a golf course and
then used to update a local database, with a copy being provided to a centralized server.
Such a combination, however, does not result in the claimed invention.

In addition, a number of independent sources have recognized Harrah's as being
a leader in customer resource management technology. Attached are a number of
articles illustrating the role Harrah's has played and continues to play in that space.

2001 BEST PRACTICES AND LEADERSHIP IN DATA WAREHOUSING AWARDS WINNERS

*Real-World Implementations Recognized by
The Data Warehousing Institute
for Innovation and Business Impact*

Daryl G. Grecich, ed.
Research Programs Manager
The Data Warehousing Institute™

The Data Warehousing Institute (TDWI), the premier provider of in-depth, high-quality education and training in the data warehousing and business intelligence industry, is pleased to present the winners of its 2000 Best Practices in Data Warehousing Awards competition. This competition provides thousands of practitioners with best practices they can follow as data warehousing continues to grow and expand.

Nominations in ten areas were judged by a panel of experts, including: practitioners, consultants, industry analysts, journalists, *Journal of Data Warehousing* editors, Institute Fellows, and TDWI management. The winners clearly demonstrated that their data warehouse projects: (1) were truly innovative solutions to problems commonly faced by data warehousing practitioners, (2) were practices that could be followed by others, and (3) resulted in large, measurable impacts on the business success of their organizations.

"The competition this year for the Best Practices Awards was once again very strong," says Ellen Hobbs, General Manager of TDWI. "But several nominations stand out from the rest and truly demonstrate strong best practices which others can follow and learn from. Among these," continues Hobbs, "Harrah's clearly stands out as a leader." The Best Practices in Data Warehousing Awards winners will present their winning nominations, and compete for the coveted Leadership in Data Warehousing Award, at TDWI's Best Practices in Data Warehousing and E-Business Intelligence Conference in Boston, Massachusetts, August 20-25, 2000. The winning Best Practices nominations will be presented on Tuesday, August 22 through Wednesday, August 23, 2000, and will be judged by a panel of experts. The Leadership Winner will be announced on Tuesday, September 5, 2000. The Leadership in Data Warehousing Award winner will be invited to present its winning nomination at TDWI's Sixth Annual Leadership Conference, November 5-10, 2000, in San Diego, California.

THE 2000 LEADERSHIP IN DATA WAREHOUSING AWARD WINNER

Category CUSTOMER RELATIONSHIP MANAGEMENT—The use and exploitation of data warehousing within the deployment of customer relationship management (CRM) systems is the emphasis here. CRM is a business focus that can span multiple technology and solution frameworks such as call center management, sales force automation, and marketing analysis solutions. This category focuses on the use of data warehousing within a CRM solution.

Winner: HARRAH'S ENTERTAINMENT INC.; Memphis, TN

- Industry: Entertainment
- Implementation Date: December 1997
- Number of Users: 125
- Solution Sponsor: NCR CORPORATION; Dayton, OH

Summary: With 21 casinos in 17 U.S. markets, Harrah's Entertainment, Inc. is one of the most recognized and respected brand names in the casino entertainment industry. Founded in 1937 as a bingo parlor in Reno, Nevada, it now operates nearly 30,000 slot machines and more than 11,000 hotel rooms under the Harrah's, Showboat, and Rio brands. Harrah's is recognized as a market leader, due in large part to its mission to "build lasting relationships" with its customers. Harrah's achieves this mission through operational excellence and technological leadership, which enables the casino chain to manage each customer relationship individually.

In 1997, Harrah's introduced a CRM program known as "Total Gold." The system tracks, retains, and rewards its 15 million guests, regardless of which casinos they visit over time. For example, frequent guests at Harrah's Atlantic City casinos are immediately recognized upon presenting a Total Gold card in the company's Las Vegas casino-and are duly rewarded for their repeat business. The patented Total Gold program entitles repeat customers to free entertainment, merchandise, and vouchers for food and accommodations. These rewards encourage customers to remain loyal to the Harrah's brand, across the country and over time.

Harrah's data warehousing solution, which is the information platform of its CRM program, allows Harrah's to better understand its customers and the activities they enjoy at Harrah's properties. With it, Harrah's forms closer relationships with its millions of guests.

The CRM solution helps Harrah's to analyze each customer's preferences and predict what future services and rewards they will want. As a result, the company can offer its customers a more enjoyable experience each time they visit a Harrah's property. Harrah's has the only system in the industry to recognize and reward its customers on a national basis, across all properties. Knowing its customers helps Harrah's differentiate itself from its competitors and boost its bottom line. The number of customers that play at more than one property is up 72 percent, and cross-market revenues have more than doubled in two years, from $113 million prior to the implementation of Total Gold to $250 million in 1999.

Harrah's produces more than 20 million customer offers annually and tracks each offer to determine when and how offers are redeemed. Harrah's uses its data warehouse to analyze hundreds of customer attributes to determine likelihood to visit, predicted spending, opportunities for cross-sell, and much more. This allows Harrah's to target promotions and mailings to individual customer preferences. For example, Harrah's might award hotel vouchers to out-of-state guests, while free show tickets would be more appropriate for customers who make day trips to the casino. With the warehouse, Harrah's has been able to double the average response rates on its direct mail offers and has seen an increase in customer retention that has been worth several million dollars in annual net profit. There is a current IRR for the overall Total Gold program of more than 60 percent.

THE 2000 BEST PRACTICES IN DATA WAREHOUSING AWARDS WINNERS

Category: ANALYTICAL APPLICATIONS-The use and exploitation of data warehousing within the deployment of business-focused analytical analysis solutions is the focus here. An analytical application is a business-focused solution that can address many different functions and segments of an organization. The emphasis here is on the use of data warehousing within an analytical application and not the focus of the applications itself.

Winner: ACTIVE RESEARCH, INC.; Burlingame, CA

- **Industry: Web-Based Market Intelligence Services**

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Friday October 5, 1:31 pm Eastern Time

Press Release

SOURCE: Harrah's Entertainment Inc.

Harrah's Entertainment Inc. Receives the Darwin Fittest 50 Award

Only Gaming Company Honored for Its Customer Relationship Management

LAS VEGAS--(BUSINESS WIRE)--Oct. 5, 2001--Harrah's Entertainment Inc. (NYSE:HET - news) today announced that it has been honored with the prestigious Darwin Fittest 50 Award(TM) from IDG's Darwin magazine for its innovative customer relationship management (CRM) strategy.

Harrah's Entertainment, the only gaming company to be recognized with this award, joins other honorees such as AOL Time Warner Inc., Boeing Co., Charles Schwab Corp., Citigroup Inc., Deere & Co., General Electric Co. and Wal-Mart Stores Inc.

``We're very honored that our integrated marketing and information technology business model has received this esteemed award,'' said Phil Satre, Harrah's Entertainment chairman and chief executive officer.

``Very early on, we recognized the value of customer relationship management. We invested countless hours and millions of dollars to develop a database of more than 24 million customers. Wedding that to our world-class marketing expertise enabled us to capitalize on that database.''

Satre credits Total Rewards, the only nationwide customer-loyalty card in the gaming industry, and the database supporting it with the company's double-digit same-store sales growth over the past year.

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In its debut year, the Darwin Fittest 50 Award recognizes organizations around the world that excel in enterprise foresight, innovation and adaptability. To accomplish these goals, the Darwin Fittest 50 Award honorees all used information technology in some way to achieve a transformation from old-world to new-world business models.

"It is truly an honor that Darwin magazine recognizes Harrah's success in this area," said John Boushy, Harrah's Entertainment senior vice president of Operations, Products & Services and chief information officer.

"Our achievements are based upon mutually reinforced and integrated activities that combine leading IT practices, great customer service and the best principles of marketing."

Boushy also said the strength of Harrah's award-winning CRM strategy is predicated on its ability to link the company's 25 geographically dispersed properties to one common source of customer information, then dispense relevant, detailed information as needed by employees, management and customers.

"Combining the best of information technology with the best principles of marketing creates a dynamic and focused strategy that can be designed for each individual customer," said Boushy.

A panel of 15 experts, including academicians, consultants and business book authors, nominated recipients of the Darwin Fittest 50 Award. Each expert submitted up to 10 nominations. Darwin editorial staff members also submitted nominations. After extensive research into all nominated companies, Darwin editorial staff voted to come up with the list of 50 winners.

"Fittest 50 Award honorees show true Darwinian characteristics by using IT to adapt, survive and thrive in this economy," said Lew McCreary, editor in chief, Darwin magazine. "The Darwin Fittest 50 Award winners have demonstrated strategic abilities to innovate and adapt, and are being recognized for those skills."

Complete coverage of the Darwin Fittest 50 Award is featured in the Oct. 1 issue of Darwin magazine and at www.darwinmag.com.

Darwin magazine is published by CXO Media Inc. CXO Media serves CIOs, CEOs, CFOs, COOs and other corporate officers who use technology to thrive and prosper in this new era of business. The company strives to enhance partnerships between C-level executives, as well as create opportunities for information technology and consumer marketers to reach them.

In addition to publishing Darwin, CXO Media publishes CIO magazine (launched in 1987), produces www.cio.com, The CIO Insider and www.darwinmagazine.com, as well as CIO and Darwin Executive Programs, a series of conferences that provide educational and networking opportunities for corporate and government leaders.

CXO Media Inc. is a business unit of IDG, the world's leading technology media, research and event company. IDG publishes more than 300 magazines and newspapers and offers online users the largest network of technology-specific sites around the world through IDG.net (www.idg.net), which comprises more than 300 targeted Web sites in 70 countries.

IDG is also a leading producer of 168 computer-related events worldwide, and provides IT market analysis through 51 offices in 43 countries worldwide. Company information is available at www.idg.com.

Founded more than 60 years ago, Harrah's Entertainment Inc. is the most geographically diversified casino company in the United States, operating 25 casinos under the Harrah's, Showboat, Rio and Harveys brand names.

With a combined database of more than 24 million players, Harrah's Entertainment is focused on building loyalty and value with its target customers through a unique combination of great service, excellent products, unsurpassed distribution, operational excellence and technology leadership.

Additional information about Harrah's Entertainment is available on the company's Web site, www.harrahs.com.

Contact:

```
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Josh Hirsberg, 702/407-6376 (investors)
               jhirsberg@harrahs.com
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Wednesday October 17, 1:13 pm Eastern Time

MotleyFool.com - Fool News
Harrah's Hangs Tough
By Rex Moore

Harrah's **Entertainment** (NYSE: <u>HET</u> - <u>news</u>) reported third-quarter earnings this morning that were down from a year ago, but surprisingly strong in the face of recent events. The world's third-largest casino operator was certainly affected by the impact the Sept. 11 attacks had on travel and consumer spending, but several factors helped soften the blow.
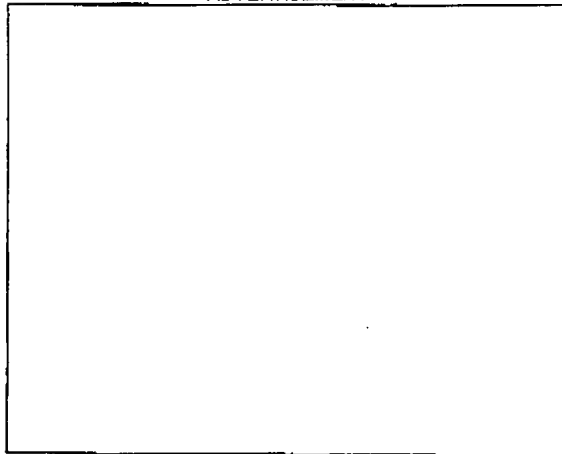
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For the three months ended Sept. 30, Harrah's pulled in $1.05 billion in revenue, its first time over the quarterly billion-dollar mark. That was up 11% from the same period last year, but was helped by the July 31 acquisition of Harveys Casino Resorts. Net income fell 16% to $62 million, or $0.54 a share. Excluding extraordinary items, net income and earnings per share were slightly above last year's levels.

The competition
Harrah's rivals, by comparison, are having a much tougher go of it. **MGM Mirage** (NYSE: <u>MGG</u> - <u>news</u>) warned earlier this month that its third-quarter results would be significantly lower than expected, and along with **Park Place Entertainment** (NYSE: <u>PPE</u> - <u>news</u>) has laid off thousands of workers. Harrah's has so far been able to avoid mass layoffs.

The companies' stock prices reflect their troubles, as both MGM Mirage and Park Place are still down over 15% since the attacks. Harrah's is off less than 5%. The companies' one-year chart is even more dramatic, showing Harrah's up nearly 15% and the other two down some 30%-40%.

Harrah's strengths

The same factors that helped Harrah's before the attacks are helping it after them. With 25 casinos spread over 12 states, the company is far more geographically diversified than other major operators, making it less susceptible to events that might impact just one region. By contrast, MGM Mirage has heavy exposure to Las Vegas, which has been rocked by the post-Sept. 11 drop in tourism and travel. This geographic diversity keeps Harrah's close to its customer base. While most of its patrons arrive by automobiles, airlines bring in most of Park Place's and MGM's players, many of whom are international customers.

Harrah's is also the industry leader in customer service. It's the only company in the gaming industry that employs a nationwide customer-loyalty program -- a sort of frequent-flyer program for gamblers -- and the only casino operator to win *Darwin Magazine's* Fitte st 50 award for innovative customer relationship management (CRM). The company demonstrated its expertise in this area by reaching out to customers following the Sept. 11 attacks. "Our ability to contact individual customers with personalized offers that they value," said CEO Phil Satre, "drove visitation that reinvigorated our revenue streams and occupancy rates."

These attributes have helped the company during a difficult time, but they are strengths in good times as well as bad. All told, they help Harrah's remain one of the best bets in the gaming industry.

Rex Moore lathers, rinses, but never repeats. He owns no companies mentioned in this article, but here's what he does own and here is the Fool's disclosure policy.

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CRMguru.com

Accelerating Customer Relationships: Using CRM and Relationship Technologies

Author: Ron Swift

Publisher: Prentice-Hall, Inc.

Copyright: 2001

ISBN: 0-13-088984-9

Excerpts from Chapter 14: How Companies Succeed Using CRM, Data Warehousing, and Relationship Technologies

Organizations derive different kinds of value from data warehousing. Some value is ubiquitous; nearly every user of a data warehouse can show that he or she has better and improved information, and better support for decision making.

— Barbara Haley Wixom, Dale Goodhue, and Hugh Watson, "The Benefits of Data Warehousing at Whirlpool Corporation," *Annals of Cases on IT Applications and Management*

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6 - 14.

of many companies—small businesses and large multinational corporations—around the world as a result of implementing an integrated "info-structure" utilizing a scalable data warehouse as the base for business intelligence. It is important to understand that many data warehouses have advanced into more mature stages of management's utilization and far beyond reporting and query functionality.

Companies that have implemented a customer-centric information infra-structure have excelled in their industries.

The leaders are not always the first adopters of integrated information infra-structures (or data warehousing) in their industry, but you can be assured of ever increasing insight into the process developed, the knowledge gained and utilized, and the results that have been achieved. The Return-on-Investment (ROI) for many firms has been outstanding and surpasses the normal financial investment expectation of 30-80% by ten-fold. Not all results are just in monetary paybacks.

Results achieved may include change of organizational behaviors, change in customer behaviors, change in channel operations and achievements, or ability to drive value through fast market entry with a new product or service. When companies enable marketplace velocity, there is supreme positioning of competitiveness and profitability.

Case Study No. 1: Royal Bank of Canada
"Know your customer, know your business"

Royal Bank: The Company

Royal Bank is Canada's premier global
financial services group and a leading
provider of personal and commercial
banking, wealth management, and corporate
and investment banking. Royal Bank and its
key subsidiaries—Royal Trust, RBC Dominion
Securities, RBC Insurance, and Royal Bank
Action Direct—have approximately 52,000
employees. Royal Bank serves over 30
million clients using over 1,400 retail
branches, over 4,000 cash machines, point-
of-sale terminals, telephone banking, and
provides Internet banking.

Royal Bank began collecting client data in
the late 1970s, consolidating it for use at a
client/branch level. By the early 1990s it had
implemented clients segmentation in its data
warehouse, dividing clients into three
distinct profitability segments. While this
innovation provided front-line staff with
segment codes, the problem was that these
lent themselves to subjective interpretation
which in turn resulted in the lack of a
strategic or consistent approach of a
corporate level. A further drawback was that
the systems did not provide any opportunity
for pro-activity, performance measurement,
or predictive modeling.

Royal Bank: The Challenges

In early 1997, the bank conducted a gap
analysis to identify which areas of its CRM
strategy required greater focus. This analysis
revealed that what clients really desired was
a banking relationship in which they were
well-understood, their needs were
anticipated, and their business was valued
no matter where, when, or how they
interacted with the Bank.

Regardless of which of the multiple lines of business the customer might have access to, such as loans or deposits, or call centers or branches, they wanted a truly integrated relationship with a bank that supported their individual needs.

Late in 1997, work began on the construction of a sample profitability prototype using spreadsheets. By the autumn of 1998, the Bank had succeeded in reaching a clear vision of what was needed.

The question for bankers today, according to Richard McLaughlin, Vice President of Relationship Marketing at Canada's Royal Bank Financial Group, is how they can recreate the banking intimacy that was commonplace in the 1950s between manager and client.

Royal Bank made a start in this quest some 20 years ago with a centralized view of its client. It has built on this standpoint with extensive data collection for modeling and decision purposes, driven through a state-of-the-art data mart.

Clients are coded on both a strategic basis (e.g., into categories such as profitability and potential) and by using tactical codes (channel usage, propensity to buy, and so on). The result is that where the bank could once classify its customers into a few micro segments, it now has more than 20,000 segments. "This has allowed us to truly customize product offerings and return us to the stage in the 1950s when my father was a bank manager," says McLaughlin.

But the focus on client needs is just the start of the necessary strategy. The organizational setup needed is equally important. To drive this focus, a bank needs to have cross-

functional teams to replicate the view that customers have of the bank—as one unit, not a series of discrete units.

Similarly, cultural change is important; it is vital not to overcomplicate procedures in the early stages. "If you do you will stress systems and people to breaking point", McLaughlin says. Yet bankers need to be persuaded that it is acceptable to get an 80% complete solution out of the door. "This is counter-culture for many bankers," he adds.

The proof of the system for Royal Bank is in the results it is now enjoying. Through extensive measurement the bank ascertained a 61% improvement in marketing cycle time and a rise in direct response rates, which some times were better than 40 percent.

There has also been an increase in the number of profitable high-value clients and the average return they produced. "Each year for the past three years the amount of revenue per marketing dollar has shown double-digit growth," McLaughlin adds.

In October 1999, Royal bank summarized their journey as one that enables various groups within the bank, to use event-driven values of client level profitability, in the departments of marketing, products, finance, costing, risk, treasury, service delivery, and network management. This has enabled a "Client Current Value Measurement" approach for generating and measuring strategic goals of contributions to the bank's earnings, customer relationships, and market position. The data warehouse also leverages synergies between businesses, increase revenue growth, and maintain cost containment.

Case Study No. 2: Harrah's Entertainment
"Reinvention Abounds...Winning Customers through Understanding Needs and Projecting Value"

With 18 casinos in eight U.S. states, Harrah's Entertainment, Inc. is the most recognized and respected brand name in the casino entertainment industry. Harrah's was founded in 1937, when Bill Harrah opened a bingo parlor in Reno, Nevada. Harrah's grew quickly, building and acquiring properties throughout Nevada and beyond. In 1973, Harrah's became the first casino company listed on the New York Stock Exchange.

Today, Harrah's has been recognized by Forbes and Business Week as a market leader, due in large part to its mission to "build lasting relationships" with its customers. Harrah's achieves this mission through operational excellence and technological leadership, which enables Harrah's to manage each customer relationship individually.

Harrah's: The Challenge

In 1997, Harrah's introduced its "Total Gold" system for tracking, retaining, and rewarding its 15 million guests regardless of which casinos they visit over time. For example, a frequent guest at Harrah's Atlantic City, New Jersey casino will be immediately recognized upon presenting a Total Gold card in the company's Las Vegas casino and is duly rewarded for his or her repeat business.

"Traditionally, casinos have treated customers as though they belonged to the

single property they visited most often.
However, we've found that customers who
visit more than one of our properties
represent a fast-growing segment of our
revenue. We want to encourage and reward
these customers," said John Boushy,
Harrah's Senior Vice President of Information
Technology and Marketing Services at
Harrah's.

The patented Total Gold program entitles
Harrah's repeat customers to free
entertainment, vouchers for food and
accommodation, and points redeemable for
merchandise. These rewards encourage
customers to remain loyal to the Harrah's
brand across the country, and over time.

Recognized by business publications as a
leader in the casino industry, Harrah's has
experienced tremendous growth throughout
Nevada and beyond during its 60 years of
operation. In recent years, the casino has
discovered that customers who visit more
than one of Harrah's properties are a fast-
growing segment of revenue.

Harrah's is expanding the Total Gold
program which produces more than 20
million customer offers annually. Total Gold
and the data warehouse track each offer to
determine when and how offers are
redeemed. With the expanded data
warehouse, Harrah's can analyze hundreds
of customer attributes to determine the
likelihood of a visit, predicted spending,
opportunities for cross-selling, and
determining 'life-time value' of each
customer within a short period of time. This
allows Harrah's to target promotions and
mailings to individual customer preferences.
For example, Harrah's might award hotel
vouchers to out-of-state guests, while free
show tickets would be more appropriate for

customers who make day trips to the casino.

Harrah's: The Goals

To enhance the casino's reputation for building lasting customer relationships, Harrah's wanted to establish a program to reward individual customers for every visit, regardless of where those visits took place. To achieve this, Harrah's needed to have technology in place that could maintain and analyze large amounts of customer data.

Many of our customers have an opportunity to visit our properties just once or twice a year. To find important trends and measure repeat business, we must maintain and analyze a large amount of detailed data over a long period of time." Boushy has said.

Total Gold was so successful that Harrah's was ready to expand the program and replace its existing transactional systems database within one year of its installation, to create a new more powerful data warehouse environment that could store and analyze much higher volumes of detailed data. The data warehouse is now known as the corporate marketing workbench and is available for all departments to search and query the customer database to provide better marketing, service, support, and special requests.

Harrah's: The Benefits

Harrah's now produces more than 20 million customer offers annually, and tracks each offer to determine when and how each offer is redeemed. The Harrah's marketing workbench (DW) analyzes hundreds of customer attributes to determine likelihood to visit, predicted spending, opportunities for cross-selling, and much more. This allows

Harrah's to target promotions and mailings to individual customer preferences. For example, Harrah's might aware hotel vouchers to out-of-state guests, while free show tickets would be more appropriate for customers who make day trips to the casino sites.

Harrah's also has developed a complex and very special model for estimating a customer's lifetime value. This allows Harrah's to make sure that they treat there best customer very well and ensure that they keep coming back for entertainment throughout the entire brand of Harrah's locations.

"Harrah's has the only system in the industry for recognizing and rewarding its customers on a national basis, a cross all of our properties. Knowing our customers better differentiates us from our competitors," says Boushy.

At a Gartner Group conference on CRM in Chicago in September 1999, Tracy Austin highlighted the key areas of benefits and the ROI achieved in the first several years of utilizing the 'patron database' and the 'marketing workbench' (data warehouse). "We have achieved over $74 million in returns during our first few years of utilizing these exciting new tool and CRM processes within our entire organization. Now that a customer is one customer to all of our locations, we are driving higher revenues, profits, and a new ability to utilize the detailed customer data in our databases."

John Boushy, CIO of Harrah's, in a speech at the DCI CRM Conference in Chicago in February 2000, stated: "we are achieving over 50% annual return-on-investment in our data warehousing and patron database

activities. This is one of the best investments that we have ever made as a corporation and will prove to forge key new business strategies and opportunities in the future." The title of John Boushy's speech was: "Harrah's Bets on Data Warehousing to Increase Customer Loyalty." The data warehouse is the center focal point of Harrah's information systems architecture and strategies for communicating with their customers. So everybody wins, in the marketing game, every time they use the data warehouse for marketing and customer communications.

Boushy has also stated publicly that his "customer relationship management solution and powerful data warehouse database allows us to keep track of millions of customer activities and provides Harrah's with the means to analyze, predict, and maximize the value of each customer relationship...

Knowing customers better differentiates us from our competitors.

Summary of Successes Around the World

- The goal of successful organizations, using data warehousing and CRM, is to achieve high profitability and competitiveness. This is a constant theme in the cases of successful implementations.

- The data warehouse has enabled all transactional level data to be integrated to provide one "true" picture of the customer.

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- If applied correctly, data warehousing can allow flexible, iterative querying of this data on a timely basis. In this way, actionable information can be delivered to those who can use it, when they need it. This itself creates major advantages in a marketplace or competitive environment. Especially when servicing customers and/or managing resources that are involved in relationships.

- The ability to act quickly and be maneuverable is critical. To be maneuverable is not easy yet an organization must find gaps in the market and exploit any opportunity swiftly and effectively.

- Creating "marketing velocity" in a highly competitive marketplace can positions an organization for potential competitive advantage. Without the ability to generate marketing offers, messages, or responsiveness, an organization is bound to fail in the marketplace. Velocity positions you for opportunity to succeed, but it will be mandatory in the Internet Age.

- The ability to keep competitors guessing is very powerful.

- A solid infrastructure of knowledge and easily accessible, actionable information is required to underpin such flexibility. There is no advantage in being quick if you are working with poor information. Conversely, there is no advantage to being armed with supreme information if it cannot be acted upon quickly and efficiently. Organizations which employ and utilize the power of knowledge

discovery and data mining act quickly
and efficiently from a position of
knowledge.

- The value is not in looking for the
  data, it is in finding the information
  the enterprise doesn't have,
  interpreting that information and its
  impact on your business, and then
  leveraging it to drive a change. This
  accelerates the capabilities and
  experiences of the management team
  and employees who become much
  more proactive and confident in
  working with the individual customer
  or group of customers.

- As you build breakthrough capability,
  you will drive people and processes to
  do things differently. For instance,
  one enterprise in this chapter reaped
  substantial returns by looking at the
  transaction patterns across all
  products for credit card defaulters,
  and noticed that defaulters displayed
  specific behavioral traits. They were
  then able to identify high-risk groups
  from their Propensity to Default
  model, and flag when their behavior
  began to head down that path. They
  could then move in quickly to
  restructure their debts or cancel the
  cards.

- The key is to recognize that creating
  cross-unit, customer-centric,
  resource, and knowledge of the
  marketplace generates a new level of
  competence. These actions are a
  journey; it cannot be purchased off
  the shelf. Learning while doing is a
  pathway to long-term successes.

Building a process of learning

and action is a major foundation for success in CRM.

- You can start at various points along the road depending on specific needs and objectives. However, the route to the destination may fluctuate due to changing market needs and, therefore, the ability to maneuver and find opportunities is critical to success.

  The opportunity is to capitalize on the customer information and turn it into a sustainable competitive advantage.

- Using data warehousing and CRM, customer strategies should add value to the customer as well as to the bottom-line.

- As we have seen, organizations in numerous industries have strived to integrate customer-centric data warehousing for generating new business opportunities, managing present customer retention, increasing their abilities to acquire new customers, and to increase profitability in multiple methods and approaches.

- The key elements of success for these companies appears to be specific management focus on:

  - defining and solving specific business problems
  - utilization of a proven process and methodology
  - outside assistance from highly qualified and experienced consultants for required skills and thought leadership

- The use of increasingly manageable warehousing technology, large-detailed-historical-data in the database, a customer-centric approach, and creative applications has allowed these companies to successfully accelerate their profitability, flexibility, and competitiveness in their

Using CRM and Relationship -

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marketplaces.

Which organizations are next on the list of successes in using a customer-centric information infrastructure?

Will your organization be cited as a leading case in the future?

If you have a success case to be told about your fine efforts, contact us at:
CRMVISION@aol.com

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